

Enrolling in the State Health Benefits Program When You Retire

State Health Benefits Program

WHO IS ELIGIBLE?

The following full-time employees, who are eligible for employer-paid health insurance coverage **until their retirement date**, will be offered State Health Benefits Program (SHBP) coverage for themselves and their eligible dependents when they retire:

- State employees, employees of State universities/colleges and autonomous State agencies and commissions, as well as local employees who were covered by the SHBP.
- Members of the Teachers' Pension and Annuity Fund (TPAF) and school board or county college employees enrolled in the Public Employees' Retirement System (PERS) who retire with 25 years or more of service credit in the pension fund or who retire on a disability retirement, even if their employer did not cover its employees under the SHBP. This also includes those who elect to defer retirement with 25 or more years of service credit in the pension fund.
- Members of the TPAF and PERS who **retired** from a board of education, vocational/technical school, or special services commission, with less than 25 years of service credit if they are participating in the health benefits plan of their former employer and are enrolled in Medicare Parts A and B.
- Participants in the Alternate Benefit Program (ABP) who retire with at least 25 years of credited ABP service or those who are on a long-term disability.
- Certain local policemen or firemen with 25 years or more of service credit in the pension fund or retiring on a disability retirement if the employer does not provide any payment or compensation toward the cost of the retiree's health benefits in accordance with Chapter 330, P.L. 1997. A qualified retiree may enroll at the time of retirement or when becoming eligible for Medicare.

HOW DO I ENROLL?

Generally, your employer will continue to cover you in the active employee group for one month beyond your termination of employment. **Eligible members whose employer does not participate in SHBP will be enrolled as of their retirement date.** Continuation of your health benefits into retirement is **not automatic**. When the Division of Pensions and Benefits receives your retirement application, notification is sent to the Health Benefits Bureau. If you file your *Application for Retirement Allowance* at least three months before your retirement date, you will be sent an offering letter for enrollment in the retired group of the SHBP along with a rate chart showing the cost for each type of coverage, about two months before your retirement date. You must complete and return the *SHBP Retired Status Application* to be enrolled. If you are not eligible for employer-paid coverage, the premium will be deducted from your retirement check each month, or you will be billed on a monthly basis if the amount of your retirement check is not enough to cover your premium.

If you had dental, prescription, or vision care coverage through your employer, federal COBRA guidelines require your employer to offer you continued coverage under those plans for up to 18 months after retirement at your expense. To apply, you must contact your employer for a COBRA application upon terminating employment.

MEDICARE COVERAGE AT AGE 65

Retired group members or their dependents (including members on disability retirement) eligible for Medicare must enroll in Parts A and B of Medicare. Attach a photocopy of your Medicare ID card, or a letter of confirmation from Social Security stating the effective dates of enrollment, to the application for SHBP coverage. If you and/or your spouse are age 65 at retirement and have not enrolled in both parts of Medicare, you should contact Social Security to apply for full Medicare coverage 90 days

prior to your retirement date.

WILL ENROLLMENT IN MEDICARE AFFECT THE COST OF SHBP GROUP COVERAGE?

If you are paying the full cost of your coverage, the cost generally decreases when you or your spouse enroll in the full Medicare program since most SHBP health plans charge lower premiums for Medicare eligible members.

HOW DO I PAY THE COVERAGE COST?

State Employees and Employees of State Universities/Colleges: If you had 25 or more years of service credited in one pension system before July 1, 1997, the State of New Jersey agreed to pay the full health benefit cost. In addition, you will be reimbursed for the full prevailing cost of any Medicare Part B premiums paid by you and/or your spouse.

If you attain 25 years of service after July 1, 1997 or retire on a disability retirement you may share in the health insurance costs according to the terms specified in the appropriate bargaining unit agreements in effect at the time you reached your 25 years credited in the system or retired with a disability retirement. Any reimbursement of Medicare Part B premiums paid by you and/or your spouse may also be limited by the terms of the bargaining unit agreement.

If you are a State employee enrolled in the TPAF and you retire with 25 or more years of service in the pension plan or on a disability retirement, the State will pay for your health benefits coverage and you will be reimbursed for the full prevailing cost of any Medicare Part B premiums paid by you and/or your spouse.

State employees and employees of State universities/colleges who do not retire on a disability retirement or do not have 25 or more years of service credited in one pension system at the time of retirement pay the full cost of health benefits coverage. Premiums are usually deducted from the monthly pension checks. If the monthly check is not sufficient to cover the premium, you are billed monthly.

School Board and County College Employees: The State of New Jersey, by law, pays for the health benefit cost for school board and county college

employees who retire with 25 or more years of service credit in the pension plan and for those approved for disability retirement. In addition, the State will reimburse you for the Medicare Part B premiums paid by you and/or your spouse.

Other Local Employees: Chapter 48, P.L. 1999, gives local employers who participate in the SHBP the option of paying for the cost of health premiums and/or Medicare Part B premiums for their retirees, as negotiated with the various bargaining agents for their employees. Employers may pay for the following groups of retiring employees:

- Employees who retire on a disability retirement;
- Employees with 25 years of service in the pension system. The employer may further require a certain number of years of service with that employer or that the employee be at least age 65 at the time of retirement;
- Employees who are at least age 62 with 15 or more years of service with the employer.

If the employer does not pay for retiree health benefit premiums or only pays for a portion of them, the retirees have deductions taken from their monthly pension checks. If the monthly check is not sufficient to cover the premium, the retiree is billed monthly.

Some local employers agreed before the enactment of Chapter 48, to pay under the provisions of Chapter 88, P.L. 1974, for the health benefits for employees who retired with 25 or more years of service credited in one pension system and for those approved for disability retirement. These employers also agreed to reimburse those employees for the Medicare Part B premiums paid by the member and/or their spouse. Check with your employer to determine if they adopted the provisions of this law.

Combining Service Credit from More than One Pension Fund

If you meet the eligibility requirements for enrollment in the SHBP at retirement, you may combine non-concurrent service credit from more than one State or locally administered retirement system to meet the 25-year minimum for State or employer paid coverage.

To qualify for coverage based on combined service in more than one retirement system, you must:

- Retire and be receiving a retirement benefit **from each pension fund membership**;
- Have 25 or more years of nonconcurrent pension service credit in total;
- Retire from the last retirement system after August 15, 2001;
- Be eligible for SHBP coverage from your last employer; and
- Notify the State Health Benefits Program that you have an aggregate of 25 or more years of nonconcurrent service in more than one public retirement system in New Jersey (see below).

Upon notification, the Division of Pensions and Benefits must verify your service with the different pension funds before the concurrent service credit can be applied to meet the 25-year minimum for State or employer-paid coverage.

A retiree from the State, or from a participating local employer who has agreed by resolution to pay for the coverage of their retirees, must be eligible for employer-paid SHBP coverage immediately prior to retirement from the last contributing employer in the retirement system.

A school board or county college retiree must be eligible for employer-paid coverage immediately prior to retirement or separation from the school board or county college. The school board or county college must have been your last contributing employer.

Notification if You Qualify Due to Service in Two or More Pension Funds

If you retire from a position with the State or an employer who participates in the SHBP, you will receive an SHBP offering letter for Retired Group coverage. When you respond to that offering letter you should tell us that you have over 25 years of service in two or more New Jersey public retirement systems. You should identify the retirement systems so we can verify your service credit.

If you retire from a position with a school board or county college that does not participate in the SHBP, the Health Benefits Bureau will not know to send you an offering letter. You must contact the SHBP and tell us you have over 25 years of service in two or more New Jersey public retirement systems. You should also identify the retirement systems so we can verify your service credit.

MAY I CHANGE MY PLAN (INSURANCE CARRIER) UNDER THE SHBP?

You must complete an application for health benefits as a new retiree, even if you are selecting the same plan (Traditional, HMO, or NJ PLUS) you had as an active employee. Thereafter, you may change your plan when the rate increases, or at any time if you have been with that same health plan for at least a year. If you are covered by an HMO or NJ PLUS and move out of the area serviced by the HMO or NJ PLUS, you may select a different plan within 30 days of the move regardless of the date of your last change.

WILL MY HEALTH BENEFITS COVERAGE EVER TERMINATE?

Coverage under the SHBP retired group will terminate if:

- you formally request the termination in writing, or you complete a *SHBP Retired Status Application* and select termination of coverage (**reinstatement will generally not be permitted**);
- your premiums are not paid;
- your plan discontinues services in your area and you do not submit an application to the SHBP to change to another plan;
- your employer withdraws from the SHBP (**does not apply** to retirees who qualified for State-paid coverage; i.e. former employees of local school districts or county colleges, and municipal policemen and firemen who qualify under the provisions of Chapter 330, P.L.1997);
- you or your spouse fail to enroll in Parts A **and** B of Medicare when you become eligible; or
- you cease to receive retirement benefits.

WHO ARE MY ELIGIBLE DEPENDENTS?

Your eligible dependents are your spouse (unless you are legally separated) and your unmarried children under age 23 who live with you in a regular parent-child relationship. Coverage for the child ends on December 31 of the year in which the child turns 23 or at the end of the month in which they marry or become independent. An enrolled child over the age of 23 who is incapable of self-support due to mental or physical incapacity may remain covered if you file

for continuance of coverage with the SHBP and the request is approved. **You must file your request for a continuance of coverage within 31 days of the dependent's termination date.**

If you divorce, coverage for your spouse ends at the end of the month in which you divorce. Your children who do not live with you may be covered if you can prove that you are legally required to support the children. Stepchildren, foster children, and legal wards who are living with you may be included provided you can prove they are substantially dependent upon you for support and maintenance. An affidavit of dependency is required and is available from the Health Benefits Bureau.

WHEN CAN I ADD OR REMOVE A DEPENDENT FROM COVERAGE?

You may file an application to add members within 60 days of a change in family status. Examples of family status changes include marriage, birth, adoption of a child, or a change in your spouse's employment that significantly affects the health benefits coverage provided by your spouse's employer. The family member will be enrolled retroactively to the date of eligibility. If the application to add a spouse or dependent is not received within 60 days of the status change, there will be a ***minimum 2 month waiting period*** from the date the enrollment application is received until the member is covered beginning the first of the month following the expiration of the waiting period. You may remove family members from coverage at any time but not retroactively. Decreases in coverage will be processed on a timely basis. ***It is your responsibility to notify the SHBP of any change in family status.*** If family members are not properly enrolled, claims will not be paid.

WHAT HAPPENS TO MY SPOUSE'S COVERAGE WHEN I DIE?

Your spouse's coverage under your plan will end at the end of the month in which you die. However, your

spouse will be sent a letter and application offering continuation of coverage (s)he had prior to your death (though they may have to pay for it even if the prior health coverage was free). Your spouse will be reenrolled for coverage under his/her own name and Social Security number, without a break in coverage, upon the timely receipt of the completed and signed application. If your spouse will be receiving a monthly pension check large enough to cover the premium, the premium will be deducted monthly. If your spouse will not receive a pension check or if the pension check is not large enough to cover the cost, your spouse will be billed monthly for the premiums. Some employers have agreed to pay for the coverage of spouses of deceased retirees; check with your employer to see if they provide this benefit. Neither the State nor the TPAF pays for the coverage of spouses of deceased retirees.

IF I HAVE QUESTIONS ABOUT ANY RETIRED SHBP COVERAGE, WHOM CAN I CONTACT?

Information about your current SHBP plan, level of coverage, and dependent information can be obtained 24 hours a day, 7 days a week, by calling the Division of Pensions and Benefits' Automated Information System at (609) 777-1777.

Questions about enrolling in the SHBP, changing health plans, adding or deleting coverage for family members, or the monthly premiums should be directed to the Division of Pensions and Benefits at the phone number and address shown at the bottom of this page.

Questions about whether a specific procedure is covered, the issuance of ID cards, or claim problems should be directed to the health insurance plan you selected. The phone number for the Traditional Plan and NJ PLUS is 1-800-414-SHBP (7427). The phone number for an HMO should appear on your ID card.

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